

**CANNON COUNTY EMERGENCY  
COMMUNICATIONS DISTRICT**

**(A Component Unit)**

Financial Statements

June 30, 2010

# CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

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## INTRODUCTORY SECTION

# **CANNON COUNTY 911 EMERGENCY COMMUNICATIONS DISTRICT**

**Po Box 475, Woodbury Tennessee 37190**

**Board of Directors as of 9/29/10**

**John Naylor, Chairman**

3961 Murfreesboro Rd.  
Readyville, Tn. 37149  
563-5521

Anthony Young  
118 Geedsville Rd.  
Bradyville, Tn. 37026  
849-2730

Richard Cope  
126 Gassaway Rd.  
Woodbury, Tn. 37190  
563-2801

Roger Turney  
291 Knob Hill Rd  
Auburntown, Tn. 37016  
464-4210

**911 Board Attorney:**

Mike Mahn  
PO Box 80833  
Chattanooga, Tn. 37414  
423-280-3005

**CPA: Sue H. Patrick**

109 Lester St.  
Woodbury, Tn. 37190  
563-1328

James Adkins  
369 Adams Ridge Ln.  
Woodbury Tn. 37190  
563-6240

Micheal George  
393 Whippoorwill Rd.  
Bradyville, Tn. 37026  
765-7388

Brenda Phillips  
4139 Hollow Springs Rd.  
Bradyville, Tn. 37026  
765-5573

Todd Hollandsworth  
147 R.L. Overall Rd.  
Auburntown, Tn. 37016  
273-4174

Anna Pitman  
114 Hopewell Rd  
Bradyville TN 37026

**Consultant (Addressing & Mapping)**

William F, Ayers & Associates  
PO Box 622  
Winchester, Tn. 37398  
931-967-4570

## **FINANCIAL SECTION**

**JOHN R. POOLE, CPA**  
**CERTIFIED PUBLIC ACCOUNTANT**

134 NORTHLAKE DRIVE  
HENDERSONVILLE, TN 37075

(615) 822-4177

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Cannon County Emergency Communications District  
Woodbury, Tennessee

I have audited the accompanying financial statements of Cannon County Emergency Communications District, a component unit of Cannon County, Tennessee for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of Cannon County Emergency Communications District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cannon County Emergency Communications District, a component unit of Cannon County, as of June 30, 2010, and the results of its operations and the cash flows for the year ending June 30, 2010 in conformity with generally accepted accounting principles of the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 30, 2010, on the consideration of Cannon County Emergency Communications District's internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreement and other matters. The purpose of that report is to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

The audit was conducted for the purpose of forming an opinion on the financial statements of Cannon County Emergency Communications District, a component unit of Cannon County, taken as a whole. The accompanying Introductory Section and the Supplemental Schedules in the table of contents, including the Schedule of State Financial Assistance, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and in my opinion is fairly stated in all material respects in relation to the financial statements, taken as a whole.

*John R. Poole, CPA*

November 30, 2010

## **Cannon County Emergency Communications District**

### **Management's Discussion and Analysis**

As management of the Cannon County Emergency Communications District, (the District) we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2010. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the District. Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes.

#### **Financial Highlights:**

The assets of the Cannon County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by \$651,290. Of this amount, \$284,230 (unrestricted net assets) may be used to meet the District's ongoing obligations. The District's total net assets decreased by \$28,054 during the current year, primarily as a result of lower than expected grant received and as expenses were held near budgeted levels.

#### **Overview of the Financial Statements:**

The Statement of Net Assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The basic financial statements can be found on pages 6-8 of this report. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 9-11 of this report.

#### **Financial Analysis of the Financial Statements**

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. In the case of the Cannon County Emergency Communications District, assets exceeded liabilities by \$651,290 at the close of the most recent fiscal year.

By far the largest portion of the District's assets reflects its investment in capital assets. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

Cannon County Emergency Communications District's Net Assets - 2010

Current and other assets	\$ 298,888
Capital assets, net	<u>466,019</u>
Total assets	<u>764,907</u>
Long-term debt	97,871
Other liabilities	<u>15,746</u>
Total liabilities	<u>113,617</u>
Net assets:	
Invested in capital assets, net of debt	367,060
Unrestricted	<u>284,230</u>
Total net assets	\$ <u>651,290</u>

Cannon County Emergency Communications District's Net Assets - 2009

Current and other assets	\$ 280,163
Capital assets, net	<u>502,251</u>
Total assets	<u>782,414</u>
Advance for construction loan	100,000
Accounts payable	<u>3,070</u>
Total liabilities	<u>103,070</u>
Net assets:	
Invested in capital assets, net of debt	402,251
Unrestricted	<u>277,093</u>
Total net assets	\$ <u>679,344</u>

At the end to the current fiscal year, the District is able to report positive balances in all categories of net assets.



Comparison to prior year

	<u>2,010</u>	<u>2,009</u>	Favorable (Unfavorable) <u>Variance</u>
Operating Revenues:			
Emergency Telephone Service Charge	\$109,093	\$113,827	(\$4,734)
State TECB Operational funding	100,426	111,790	(11,364)
State Emergency Communications Board Wireless Charge	37,103	35,345	1,758
Total Operating Revenues	<u>246,622</u>	<u>260,962</u>	<u>(14,340)</u>
Operating Expenses:			
Salaries and wages	269,382	240,629	(28,753)
Employee benefits	33,657	25,692	(7,965)
Dues	209	218	9
Addressing and mapping	18,951	20,549	1,598
Depreciation	40,160	32,605	(7,555)
Supplies	17,865	15,389	(2,476)
Insurance	852	988	136
Professional services	9,200	10,630	1,430
Training and travel	8,544	12,042	3,498
Utilities	17,013	16,755	(258)
Repair and maintenance	27,593	21,602	(5,991)
Total Operating Expenses	<u>443,426</u>	<u>397,099</u>	<u>(46,327)</u>
Operating income (loss)	<u>(196,804)</u>	<u>(136,137)</u>	<u>(60,667)</u>
Nonoperating Revenues (Expenses):			
Operating grants- State	22,000	145,919	(123,919)
Operating grants - City and County	148,753	148,753	0
Interest income	2,497	4,620	(2,123)
Interest expense	(4,500)	0	(4,500)
Total Nonoperating Revenues (Expenses)	<u>168,750</u>	<u>299,292</u>	<u>(130,542)</u>
Net change in net assets	<u>(28,054)</u>	<u>163,155</u>	<u>191,209</u>

The assets of the Cannon County Emergency Communications District exceeded its liabilities at the close of the most recent fiscal year by \$651,290. Of this amount, \$284,230 (unrestricted net assets) may be used to meet the District's ongoing obligations. The District's total net assets decreased by \$28,054 during the current year, primarily as a result of lower than expected grant received and as expenses were held near budgeted levels.

## Capital Assets

The Cannon County Emergency Communications District's investment in capital assets from its activities at June 30, 2010, amounts to \$466,019 (net or accumulated depreciation). This investment in capital assets is in communications equipment and vehicles.

	<u>2009</u>	<u>2010</u>
Land	\$ 20,000	20,000
Building	266,740	266,740
Software	19,785	19,785
Equipment	<u>283,558</u>	<u>287,486</u>
Total	590,083	594,011
Less accumulated depreciation	<u>(87,832)</u>	<u>(127,992)</u>
Net Capital Assets	\$ <u>502,251</u>	<u>466,019</u>

Additional information on the Cannon County Emergency Communications District's capital assets can be found in the notes to the financial statements section of this report.

## Long-term Debt

The District has a loan related to the construction of its facility. The outstanding balance at year end is \$98,959. The loan is paying down as scheduled.

Additional information on the Cannon County Emergency Communications District's long-term debt can be found in the notes to the financial statements section of this report.

## Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Sue Patrick  
Cannon County Emergency Communications District

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Statement of Net Assets**

**June 30, 2010**

<u>Assets</u>	<u>Account Number</u>	
Current Assets:		
Cash and cash equivalents	1001	\$179,145
Certificate of deposits	1001	113,493
Accounts receivable	1004	6,250
Total Current Assets		<u>298,888</u>
Capital Assets:		
Land	1351	20,000
Building and improvements	1302	266,740
Communication equipment	1308	250,193
Communication software	1308	19,785
Office equipment	1306	37,293
Less accumulated depreciation -building	1303	(12,663)
Less accumulated depreciation -office	1307	(11,536)
Less accumulated depreciation -equipment	1309	(95,320)
Less accumulated depreciation - software	1309	(8,473)
Total Capital Assets, Net		<u>466,019</u>
 Total Assets		 <u><u>\$764,907</u></u>
<u>Liabilities and Fund Equity</u>		
Current Liabilities		
Accounts payable	2001	1,209
Accrued liabilities	2020	13,449
Current portion of long-term debt	2202	1,088
Total Current Liabilities		<u>15,746</u>
<u>Other Liabilities</u>		
Long-term debt	2202	<u>97,871</u>
 Total liabilities		 <u><u>\$113,617</u></u>
Net Assets:		
Unrestricted	2320	284,230
Invested in capital assets, net of related debt	2301	367,060
Total Net assets		<u>651,290</u>

The accompanying notes are an integral part of these financial statements.

# CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2010

	Account Number	
Operating Revenues:		
Emergency Telephone Service Charge	3001	\$109,093
State TECB Operational funding	3003	100,426
State Emergency Communications Board Wireless Charge	3002	37,103
Total Operating Revenues		<u>246,622</u>
Operating Expenses:		
Salaries	4001	269,382
Employee benefits	4100	33,657
Dues	4405	209
Addressing and mapping	4201	18,951
Depreciation	4500	40,160
Supplies	4301	17,865
Insurance	4409	852
Professional services	4203	9,200
Training and travel	4418	8,544
Utilities	4307	17,013
Repair and maintenance	4232	27,593
Total Operating Expenses		<u>443,426</u>
Operating income (loss)		<u>(196,804)</u>
Nonoperating Revenues (Expenses):		
Operating grants - State	5005	22,000
Operating grants - City and County	5006	148,753
Interest income	5002	2,497
Interest expense	5010	(4,500)
Total Nonoperating Revenues (Expenses)		<u>168,750</u>
Net change in net assets		(28,054)
Net assets, June 30, 2009		<u>679,344</u>
Net assets, June 30, 2010		<u><u>\$651,290</u></u>

The accompanying notes are an integral part of these financial statements.

# CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Statement of Cash Flows

For the Year Ending June 30, 2010

Cash Flows from Operating Activities:	
Cash received from customers	\$265,992
Cash paid to employees	(303,039)
Cash paid to suppliers	(88,639)
Net Cash Provided by Operating Activities	<u>(125,686)</u>
Cash Flows from Capital and Related Financing Activities:	
Debt service payments	(5,541)
Acquisition of capital assets	(3,928)
Net Cash Provided by Capital and Related Financing Activities	<u>(9,469)</u>
Cash Flows from Noncapital Activities:	
Grant contributions for operations	170,753
Net Cash From Noncapital Activities	<u>170,753</u>
Cash Flows from Investing Activities:	
Redemption (purchase) of certificate of deposit	(2,590)
Interest received	2,497
Net Cash From Investing Activities	<u>(93)</u>
Net Increase (decrease) in Cash	35,505
Cash and Cash Equivalents, June 30, 2009	<u>143,640</u>
Cash and Cash Equivalents, June 30, 2010	<u>\$179,145</u>

### Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating income (loss)	(\$196,804)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	40,160
Change in assets (increase) decrease:	
Accounts receivable	19,370
Change in liabilities increase (decrease):	
Accounts payable and accrued expenses	<u>11,588</u>
Net Cash Provided by Operating Activities	<u>(\$125,686)</u>

The accompanying notes are an integral part of these financial statements.

# **CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

## **Notes to Financial Statements**

June 30, 2010

### **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Reporting Entity

Cannon County Emergency Communications District ( the District) is a political subdivision established pursuant to Sections 7-87-101 through Section 7-86-117 of the Tennessee Code Annotated and the provisions of Chapter 867 of the Public Acts of 1984 of the State of Tennessee. The powers of the District are vested in and exercised by a majority of the members of the Board of Directors, who are appointed by the County . The District is considered a political subdivision and is exempt from Federal and State income taxes. The District is considered a component unit of Cannon County. The County appoints the board of directors and the County Commission may adjust service fees and must approve bonded debt. As a result, the Cannon County Commission indirectly imposes its will on the District.

#### Basis of Accounting

The accompanying financial statements of the District have been prepared on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when incurred. Expenditures are recognized in the accounting period in which the liability is incurred and is measurable.

The District applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions; issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The District has elected not to apply FASB Statements and interpretations issued after November 30, 1989.

#### Cash and Cash Equivalents

The District considers all highly liquid debt instruments purchased with maturities of 60 days or less to be cash equivalents.

#### Supply Inventory

Supply inventory is valued at the lower of cost (first-in, first-out) or market. Inventory items are considered expenditures when used (consumption method).

#### Property, Plant and Equipment

Property, plant and equipment of the District is recorded at cost. Depreciation is computed over the estimated life of the assets using the straight-line method. The estimated life for property, plant and equipment in service is from 3 to 10 years. The District does capitalize interest incurred on construction projects.

#### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

# CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2010

### Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

#### Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Formal budgets are adopted and approved by Board vote on an annual basis. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Board has the ability to change line item amounts without a formal vote if the change does not increase the amounts budgeted.
- b. The budget amounts shown (page 13) are the final authorized amounts as amended during the year.

### Note 2 - CASH AND CERTIFICATES OF DEPOSIT

The District is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During the year, the District invested funds that were not immediately needed in deposit accounts. The District has deposit policies to minimize custodial credit risks. Deposits in financial institutions are required by State Statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and be deposited in an escrow account in a second bank for the benefit of the District and must total a minimum of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. The District's deposits with financial institutions are fully insured or collateralized by securities held in the government's name.

### Note 3 - CAPITAL ASSETS

A summary of changes in capital assets in service is as follows:

	Balance 6-30-09	Additions	Disposals	Balance 6-30-10
Land	20,000	-	-	20,000
Building	266,740	-	-	266,740
Software	19,785	-	-	19,785
Equipment	283,558	3,928	-	287,486
	590,083	3,928	7,635	594,011
Less accumulated depreciation	(87,832)			(127,992)
Utility plant - net	<u>\$502,251</u>			<u>466,019</u>

During the year the District constructed a new facility for its operations. Accumulated depreciation is as follows—buildings \$12,663, software \$8,473, Equipment \$106,856.

# CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Notes to Financial Statements

June 30, 2010

### Note 4 - LONG-TERM DEBT

During the prior year the District constructed a new facility for its operations using an advance from Cannon County, Tennessee in the amount of \$100,000.

The following is a summary of changes in long-term debt:

	Balance <u>6-30-09</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6-30-10</u>
Construction loan	\$ 100,000	-	1,041	98,959

Future maturities of note principal and interest are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2011	1,088	4,453
2012	1,137	4,404
2013	1,188	4,353
2014	1,242	4,299
2015	1,297	4,244
2016-2020	7,417	20,288
2021-2025	9,243	18,462
2026-2030	11,519	16,186
2031-2035	14,355	13,350
2036-2040	17,889	9,816
2041-2045	22,293	5,412
2046-2047	<u>10,291</u>	<u>2,261</u>
Total	<u>\$ 98,959</u>	<u>106,058</u>

The Building of the District is pledged as collateral on the bonded indebtedness until the existing principal and interest are paid in full.

### Note 5 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets: errors and omissions, and natural disasters. The District purchases commercial financial bonded insurance for its Treasurer and Chairman. For all other risks, the District has decided to self-insure. There have been no claims during the last three years.



## **SUPPLEMENTAL INFORMATION**

Financial schedules are used to demonstrate finance related legal and contractual compliance, provide details of data summarized in the financial statements and present other information deemed useful.

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Revenues and Expenses  
Budget and Actual**

**For the Year Ended June 30, 2010**

		<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenues:	<u>Number</u>			
Emergency Telephone Service Charge	3001	\$109,932	\$109,093	(\$839)
State TECB Operational funding	3003	146,109	100,426	(45,683)
State Emergency Communications Board Wireless Charge	3002	32,142	37,103	4,961
Total Operating Revenues		<u>288,183</u>	<u>246,622</u>	<u>(41,561)</u>
Operating Expenses:				
Salaries and wages	4001	279,303	269,382	9,921
Employee benefits	4100	47,882	33,657	14,225
Dues	4405	200	209	(9)
Addressing and mapping	4201	24,500	18,951	5,549
Depreciation	4500	0	40,160	(40,160)
Supplies	4301	8,460	17,865	(9,405)
Insurance	4409	1,251	852	399
Professional services	4203	11,050	9,200	1,850
Training and travel	4418	6,500	8,544	(2,044)
Utilities	4307	17,920	17,013	907
Repair and maintenance	4232	33,106	27,593	5,513
Total Operating Expenses		<u>430,172</u>	<u>443,426</u>	<u>(13,254)</u>
Operating income (loss)		<u>(141,989)</u>	<u>(196,804)</u>	<u>(28,307)</u>
Nonoperating Revenues (Expenses):				
Operating grants- State	5005	0	22,000	22,000
Operating grants - City and County	5006	148,753	148,753	0
Interest income	5002	1,600	2,497	897
Interest expense	5010	(5,541)	(4,500)	1,041
Total Nonoperating Revenues (Expenses)		<u>144,812</u>	<u>168,750</u>	<u>23,938</u>
Net change in net assets		<u>2,823</u>	<u>(28,054)</u>	<u>(30,877)</u>

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Monthly Rates in Effect**

**June 30, 2010**

<u>Type of Customer</u>	<u>Rate</u>
Residential customers	\$ 1.50
Business customers	\$ 3.00

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Number and Classification of Customers**

**June 30, 2010**

DeKalb Telephone Company

Residential customers	3,380
Business customers	1,876

# **CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

## **Schedule of Information of the Cannon County Emergency Communications District**

**June 30, 2010**

Number of public safety answering points:	1
Address of this location:	Cannon County 911 3798 Jim Cummings Hwy Woodbury, TN. 37190
System used - - including database:	GAI-Tronics Command Plus  Local On-site by TCI, Huntsville, Alabama
Chairman :	John Naylor 3961 Murfreesboro Road Readyville, TN. 37141 (f) None
Director	Roy Sullivan P. O. Box 745 Woodbury, TN. 37190 (f) None
Telephone numbers:	615-563-8439 615-563-8440

# CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT

## Schedule of State Financial Assistance

For the Year Ended June 30, 2010

State Grant Number	Program Name	Grantor Agency	Receivable (Deferred) Balance July 1, 2009	Cash Receipts	Other Receipts	Cash Expenditures	Receivable (Deferred) Balance June 30, 2010
<b>State Program:</b>							
N/A	GIS Grant	State of Tennessee Commerce and Insurance	\$0	10,000	0	10,000	0
N/A	Training Grant	State of Tennessee Commerce and Insurance	\$0	12,000	0	12,000	0
Totals			0	22,000	0	22,000	0

**CANNON COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**Schedule of Debt Service Requirements**

**June 30, 2010**

<u>Year</u>	CAPITAL OUTLAY	
	BUILDING	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 1,088	4,453
2012	1,137	4,404
2013	1,188	4,353
2014	1,242	4,299
2015	1,297	4,244
2016	1,356	4,185
2017	1,417	4,124
2018	1,481	4,060
2019	1,547	3,994
2020	1,617	3,924
2021	1,690	3,851
2022	1,766	3,775
2023	1,845	3,696
2024	1,928	3,613
2025	2,015	3,526
2026	2,106	3,435
2027	2,200	3,341
2028	2,299	3,242
2029	2,403	3,138
2030	2,511	3,030
2031	2,624	2,917
2032	2,742	2,799
2033	2,865	2,676
2034	2,994	2,547
2035	3,129	2,412
2036	3,270	2,271
2037	3,417	2,124
2038	3,571	1,970
2039	3,732	1,809
2040	3,899	1,642
2041	4,075	1,466
2042	4,258	1,283
2043	4,450	1,091
2044	4,650	891
2045	4,859	682
2046	5,078	463
2047	5,213	328
	<hr/>	<hr/>
	\$ 98,959	106,058

**COMPLIANCE AND  
INTERNAL CONTROL**



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

Board of Directors  
Cannon County Emergency Communications District  
Woodbury, Tennessee

I have audited the financial statements (as listed in the table of contents) of Cannon County Emergency Communications District as of and for the year ended June 30, 2010, and have issued my report thereon dated November 30, 2010. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing the audit, I considered the Cannon County Emergency Communications District's internal control over financial reporting as a basis for designing the auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cannon County Emergency Communications District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the District's internal control over financial reporting.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, I identified a deficiency in internal control over financial reporting that I consider to be a material weakness (2005-1 Lack of segregation of Duties).

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiency described below (2005-1) to be a material weakness.

The material weakness is as follows:

**Prior Year:**

**2005-1 Separation of Duties**

Due to the limited number of personnel employed by the District, several functions, which ideally should be performed by different individuals, are regularly performed by one person. I recommend that the District strengthen its internal control in cash receipts, cash disbursements, and reconciliation of cash.

**Management Response:**

Due to the size of the office, a complete separation of duties is not possible. However we are continuing to monitor office responsibilities and segregate duties as needed.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cannon County Emergency Communications District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of the audit and, accordingly, I do not express such an opinion. The results of the tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Cannon County Emergency Communications District's response to the finding identified in the audit is described above. I did not audit the Management Response and, accordingly, I express no opinion on it.

I noted certain matters that I reported to management of the Cannon County Emergency Communications District in a separate letter dated November 30, 2010.

This report is intended solely for the information and use of the audit committee, management, and State Comptrollers Office and is not intended to be and should not be used by anyone other than these specified parties.

*Jah R Poole, CPA*

November 30, 2010